

MUSTO EXPLORATIONS LTD.



INTERIM REPORT JUNE 30, 1983

THE APEX PROJECT

Geology and Ore Reserves

The underground diamond drilling program on the Apex property was completed in mid-August. A total of 8,835 feet were drilled from the 250 and 500 foot Levels with generally good core recovery.

A continuous mineralized zone has been defined with a true width up to 60 feet at the widest point and a strike length of up to 350 feet. Several narrower mineralized zones have also been defined on the hanging wall side of the main zone. Five holes drilled to intersect the main zone below the 500 foot Level have indicated a thickening and lengthening of the main zone with depth. Average assay values for both gallium and germanium have increased below the 500 foot Level.

A geological reserve for the main zone only from approximately 80 feet above the 250 foot Level to the 600 foot Level is 200,000 tons with the following average grades:

Copper	Gallium	Germanium
%	%	%
1.56	0.033	0.065

A full evaluation of the data will be completed at the end of September, 1983.

Note that oxidized copper ores were mined from surface to the 1440 foot Level on an intermittent basis over a period of seventy five years. Future underground diamond drilling will be required to define the mineralized zone below the 600 foot Level.

Plant Site and Water Supply

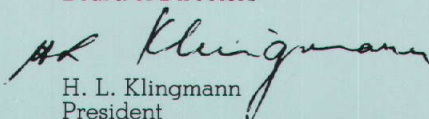
Agreement has been reached with the Shivwits Paiute Band of St. George, Utah re two long term leases for a plant and tailings disposal site and water supply on favourable terms.

Financial

The Rights Offering which was announced on April 15, 1983 and which expired on May 23, 1983, was fully subscribed. The Series "A" Share Purchase Warrants which entitle the holder to purchase one additional share of the capital stock of the Company at a price of \$1.10 per share for each warrant held, expire on November 22, 1983. A total of 1,474,525 warrants are outstanding.

The first of two non-transferable share purchase warrants for 600,000 shares each at prices of \$1.00 and \$1.75 per share which were issued in connection with two private placements in June, 1982 and January, 1983 respectively, was exercised before the expiry date on August 12, 1983.

On behalf of the
Board of Directors


H. L. Klingmann
President

Vancouver, B.C.
August 26, 1983

MUSTO EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1983

(With Comparative Figures For The Same Period
in 1982)

(Unaudited)

	1983	1982
Source of Working Capital		
Issue of 2,513,021 shares (1982 — 600,000 shares)	\$2,329,477	\$ 600,000
Gain on Sale of Marketable Securities	194,821	—
Interest and other income	29,716	33,827
Proceeds on Sale of Interest in Claim Blocks	—	11,748
	\$2,554,014	\$ 645,575
Use of Working Capital		
Exploration Expenditure	\$ 722,195	\$ 230,274
Administrative Expense	177,167	122,598
Acquisition Cost of Mining Properties	—	66,150
Exchange Loss	13,501	1,195
Acquisition Cost of Fixed Assets	7,692	—
	\$ 920,555	\$ 420,217
Increase in Working Capital	\$1,633,459	\$ 225,358
Working Capital, Beginning of Period	458,832	1,068,319
Working Capital, End of Period	\$2,092,291	\$1,293,677

CORPORATE DATA

COMPANY NAME:

Musto Explorations Ltd.

DIRECTORS AND OFFICERS:

Adolf H. Lundin, Chairman of the Board

H. Lutz Klingmann, President

Donald A. Humby, Secretary/Treasurer

David Hargreaves

Ernest W. Bazinet

William A. Rand

OFFICES:

405 - 750 West Pender Street

Vancouver, B.C., Canada V6C 2T7

Telephone: (604) 689-7842

Telex: 04-51457 (MUSTO VCR)

6 Rue de Rive

1204 Geneva, Switzerland

Telephone: 022/21 74 88

Telex: 428744 (GULF CH)

SHARE CAPITAL ISSUED:

8,868,126 common shares at no par value

STOCK EXCHANGE LISTING:

Vancouver Stock Exchange (MUX)

BANKERS:

Canadian Imperial Bank of Commerce

Vancouver, B.C.

LEGAL COUNSEL:

Rand & Edgar

Vancouver, B.C.

Suitter Axland Armstrong & Hanson

Salt Lake City, Utah

REGISTERED AND RECORDS OFFICE:

400 - 750 West Pender Street

Vancouver, B.C. V6C 2T7

AUDITORS:

Price Waterhouse & Co.

Toronto, Ontario

REGISTRAR AND TRANSFER AGENTS:

Guaranty Trust Company of Canada

800 West Pender Street

Vancouver, B.C. V6C 2V7

U.S. SUBSIDIARY:

St. George Mining Corp.